
SENATE BILL No. 281

AM028103 has been incorporated into January 28, 2026 printing.

Synopsis: Income tax credits.

M
e
r
g
e
d

SB 281—LS 6974/DI 120



DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY

Reprinted
January 28, 2026

Second Regular Session of the 124th General Assembly (2026)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2025 Regular Session of the General Assembly.

M
e
r
g
e
d

SENATE BILL No. 281

A BILL FOR AN ACT to amend the Indiana Code concerning
taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-3.1-34-0.5 IS ADDED TO THE INDIANA
2 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
3 [EFFECTIVE JULY 1, 2026]: **Sec. 0.5. (a) In order to facilitate the**
4 **redevelopment and rehabilitation of property in Indiana that**
5 **promotes regional collaboration and long term strategic planning,**
6 **the corporation may commit a tax credit to a development**
7 **authority pursuant to a development plan approved by the**
8 **corporation, which may subsequently be awarded by the**
9 **corporation at the request of a development authority to a**
10 **taxpayer proposing a qualified investment in a qualified**
11 **redevelopment site that is included in the development authority's**
12 **development plan.**

13 (b) The corporation shall award fifty million dollars
14 (\$50,000,000) to development authorities each fiscal year that may
15 be granted to taxpayers proposing qualified investment in a
16 qualified redevelopment site pursuant to a development plan
17 approved by the corporation.

SB 281—LS 6974/DI 120



DOCUMENT HAS NOT BEEN CHECKED FOR ACCURACY

1 SECTION 2. IC 6-3.1-34-2.1 IS ADDED TO THE INDIANA
 2 CODE AS A NEW SECTION TO READ AS FOLLOWS
 3 [EFFECTIVE JULY 1, 2026]: **Sec. 2.1. (a) As used in this chapter,**
 4 **"development authority" refers to a regional development**
 5 **authority established under IC 36-7.5-2-1, IC 36-7.6-2-3, or**
 6 **IC 36-7.7-3-1.**

7 **(b) For the period beginning July 1, 2026, and ending June 30,**
 8 **2028, the term "development authority" includes a qualified**
 9 **nonprofit organization formed to support economic development**
 10 **across the region and which does not represent a single interest**
 11 **group or local unit or units within a single county. This subsection**
 12 **expires July 1, 2028.**

13 SECTION 3. IC 6-3.1-34-2.2 IS ADDED TO THE INDIANA
 14 CODE AS A NEW SECTION TO READ AS FOLLOWS
 15 [EFFECTIVE JULY 1, 2026]: **Sec. 2.2. (a) As used in this chapter,**
 16 **"development plan" refers to a comprehensive strategic**
 17 **development plan approved by the development authority for its**
 18 **jurisdiction and which outlines its economic development strategy,**
 19 **the anticipated local resource commitments, the proposed**
 20 **regionally significant projects, the return on investment analysis**
 21 **reflecting a positive state return for such projects, the requirement**
 22 **that an equal or greater level of local public financial participation**
 23 **in the aggregate across all projects, the requirement that projects**
 24 **are reasonably expected to spur a total investment across all**
 25 **projects that is four (4) times greater than the level of the state**
 26 **resources provided on a present value basis, and that each project**
 27 **supported would not occur but for the provision of the requested**
 28 **state resources.**

29 **(b) The development plan shall also include specific,**
 30 **measurable five (5) and ten (10) year objectives, and plans for**
 31 **achieving the objectives, for the region, including targets for:**

- 32 **(1) per capita income;**
- 33 **(2) population;**
- 34 **(3) employment; and**
- 35 **(4) credential attainment among residents;**

36 **in the region.**

37 SECTION 4. IC 6-3.1-49 IS ADDED TO THE INDIANA CODE
 38 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
 39 JANUARY 1, 2026 (RETROACTIVE)]:

40 **Chapter 49. Dolly Parton Imagination Library Contribution**
 41 **Tax Credit**

42 **Sec. 1. As used in this chapter, "credit" refers to a credit**

M
e
r
g
e
d



1 granted under this chapter.

2 Sec. 2. As used in this chapter, "imagination library program"
3 refers to the Dolly Parton Imagination Library program operated
4 by the Dollywood Foundation.

5 Sec. 3. As used in this chapter, "pass through entity" has the
6 meaning set forth in IC 6-3-1-35.

7 Sec. 4. As used in this chapter, "state tax liability" means a
8 taxpayer's total tax liability that is incurred under:

9 (1) IC 6-3-1 through IC 6-3-7 (the adjusted gross income
10 tax);

11 (2) IC 6-5.5 (the financial institutions tax); and

12 (3) IC 27-1-18-2 (the insurance premiums tax) or IC 6-8-15
13 (the nonprofit agricultural organization health coverage
14 tax);

15 as computed after the application of the credits that under
16 IC 6-3.1-1-2 are to be applied before the credit provided by this
17 chapter.

18 Sec. 5. As used in this chapter, "taxpayer" means an individual
19 or entity that has any state tax liability.

20 Sec. 6. A taxpayer that makes a contribution to the
21 imagination library program for use in providing books to children
22 at no cost is entitled to a credit against the taxpayer's state tax
23 liability in the taxable year in which the taxpayer makes the
24 contribution.

25 Sec. 7. The amount of a taxpayer's credit is equal to fifty
26 percent (50%) of the amount of the contribution made to the
27 imagination library program.

28 Sec. 8. (a) If the credit provided by this chapter exceeds the
29 taxpayer's state tax liability for the taxable year for which the
30 credit is first claimed, the excess may be carried forward to
31 succeeding taxable years and used as a credit against the
32 taxpayer's state tax liability during those taxable years. Each time
33 the credit is carried forward to a succeeding taxable year, the
34 credit is reduced by the amount that was used as a credit during
35 the immediately preceding taxable year. The credit provided by
36 this chapter may be carried forward and applied to succeeding
37 taxable years for nine (9) taxable years following the unused credit
38 year.

39 (b) A taxpayer is not entitled to a carryback or refund of any
40 unused credit.

41 Sec. 9. If a pass through entity is entitled to a credit under
42 section 6 of this chapter but does not have state tax liability against

SB 281—LS 6974/DI 120



M
e
r
g
e
d

1 which the tax credit may be applied, a shareholder, partner, or
2 member of the pass through entity is entitled to a tax credit equal
3 to:

- 4 (1) the tax credit determined for the pass through entity for
- 5 the taxable year; multiplied by
- 6 (2) the percentage of the pass through entity's distributive
- 7 income to which the shareholder, partner, or member is
- 8 entitled.

9 **Sec. 10. To apply a credit against the taxpayer's state tax**
10 **liability, a taxpayer must claim the credit on the taxpayer's annual**
11 **state tax return or returns in the manner prescribed by the**
12 **department. The taxpayer shall submit to the department the**
13 **information that the department determines is necessary for the**
14 **department to determine whether the taxpayer is eligible for the**
15 **credit.**

16 **Sec. 11. The total amount of tax credits awarded under this**
17 **chapter may not exceed six million dollars (\$6,000,000) in each**
18 **state fiscal year.**

19 **Sec. 12. The department, on a website used by the department**
20 **to provide information to the public, shall provide the following**
21 **information:**

- 22 (1) **The application for the credit provided in this chapter.**
- 23 (2) **A timeline for receiving the credit provided in this**
- 24 **chapter.**
- 25 (3) **The total amount of credits awarded under this chapter**
- 26 **during the current state fiscal year.**

27 SECTION 5. IC 36-7.6-2-3, AS AMENDED BY P.L.178-2015,
28 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
29 JULY 1, 2026]: Sec. 3. (a) A development authority may be established
30 by any of the following:

- 31 (1) One (1) or more counties and one (1) or more adjacent
- 32 counties.
- 33 (2) One (1) or more counties and one (1) or more qualified cities
- 34 in adjacent counties.
- 35 (3) One (1) or more qualified cities and one (1) or more qualified
- 36 cities in adjacent counties.

37 (b) A county or qualified city may participate in the establishment
38 of a development authority under this section and become a member of
39 the development authority only if the fiscal body of the county or
40 qualified city adopts an ordinance authorizing the county or qualified
41 city to participate in the establishment of the development authority.

42 **For a county or city that is currently participating in a**

M
e
r
g
e
d



1 **development authority, the fiscal body of the county or qualified**
2 **city may adopt a subsequent ordinance authorizing the county or**
3 **qualified city to change membership and instead participate in a**
4 **new or different development authority.**

5 (c) When a county establishes a development authority with
6 another unit as provided in this chapter, each qualified city and third
7 class city in the county also becomes a member of the development
8 authority, without further action by the qualified city, **the** third class
9 city, or the development authority.

10 (d) Notwithstanding any other provision of this article, a county or
11 municipality may be a member of only one (1) development authority.

12 (e) Notwithstanding any other provision of this article, a county or
13 municipality that is a member of the northwest Indiana regional
14 development authority under IC 36-7.5 may not be a member of a
15 development authority under this article.

16 (f) A development authority shall notify the Indiana economic
17 development corporation in writing promptly after the development
18 authority is established **or if membership of the development**
19 **authority changes.**

20 SECTION 6. IC 36-7.6-2-16 IS ADDED TO THE INDIANA
21 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
22 [EFFECTIVE JULY 1, 2026]: **Sec. 16. (a) A development authority**
23 **may establish a regional development advisory council. The**
24 **regional development advisory council shall consist of members**
25 **appointed according the following:**

26 (1) **One (1) member appointed by the county executive of**
27 **each county that is a member of the development authority.**

28 (2) **One (1) member appointed by the governor.**

29 (3) **Two (2) members appointed by the speaker of the house**
30 **of representatives.**

31 (4) **Two (2) members appointed by the president pro tempore**
32 **of the senate.**

33 (5) **At least three (3) members appointed by the development**
34 **authority that are mayors in the development area, with at**
35 **least (1) appointee residing in a county located in the**
36 **development area that does not contain a municipality with**
37 **a population of twenty-five thousand (25,000) or more, if one**
38 **exists in the development area.**

39 (b) **A member appointed to the regional development advisory**
40 **council serves a two (2) year term. A member may be reappointed**
41 **to subsequent terms.**

42 (c) **Each member must reside within the development area, but**

M
e
r
g
e
d



1 not more than four (4) members may reside in the same county.
 2 (d) A majority of the appointed members of a regional
 3 development advisory council constitutes a quorum. The
 4 affirmative votes of at least a majority of the appointed members
 5 of a regional development advisory council are necessary to
 6 authorize any action of the regional development advisory council.
 7 (e) A member appointed to a regional development advisory
 8 council is not entitled to receive any compensation for performance
 9 of the member's duties.
 10 (f) Not later than October 1 each year, the regional
 11 development advisory council shall hold an organizational meeting
 12 at which the regional development advisory council shall elect the
 13 following officers from the members of the regional development
 14 advisory council:
 15 (1) A chair.
 16 (2) A vice chair.
 17 (3) A secretary-treasurer.
 18 The affirmative vote of at least a majority of the appointed
 19 members of a regional development advisory council is necessary
 20 to elect an officer under this subsection. An officer elected under
 21 this subsection serves from the date of the officer's election until
 22 the officer's successor is elected and qualified.
 23 (g) The regional development advisory council shall meet at
 24 the call of the chair.
 25 (h) This section shall not apply to a development authority
 26 established under this article that includes a county listed in
 27 IC 36-7-39-2 as a member.
 28 SECTION 7. An emergency is declared for this act.

M
e
r
g
e
d

